



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

OCT 31 2007

Mr. H. Keith Lesnick
Director, Office of Deepwater Ports and
Offshore Activities
U.S. Maritime Administration
1200 New Jersey Avenue, SE
Washington, DC 20590

Mr. M. A. Prescott
Chief, Deepwater Ports Standards Division
U.S. Coast Guard
2100 Second Street, SW
Washington, DC 20593-0001

Dear Mr. Lesnick and Mr. Prescott:

This responds to your agencies joint letter and subsequent Federal Register request for comments on the preparation of an Environmental Impact Statement and Environmental Impact Review to assist in the evaluation of an application for a license for the proposed Woodside Natural Gas Inc. Ocean Way Secure liquefied natural gas (LNG) deepwater port. We are commenting in our capacity as the Defense Department's Executive Agent for offshore activities in the Outer Continental Shelf.

The Department of Defense has reviewed the draft proposal and the associated three ship-to-ship (STS) transfer locations and single point mooring buoys for the receiving of liquefied natural gas into the Southern California Gas infrastructure. The proposed locations for the STS transfer points and single point mooring buoys are located directly in or around the Southern California Offshore Operating Area (SOCAL OPAREA) and Point Mugu Sea Range, the Navy's premier offshore test range on the west coast. The SOCAL OPAREA serves as the sea-based cornerstone of the only west coast training area capable of supporting large complex integrated training exercises. The Sea Range provides an unsurpassed capability for the development and testing of weapons and systems, and is regularly utilized for research, development, test and evaluation events by the Navy and other services.

During the productive October 26, 2007 meeting between Navy, Maritime Administration (MARAD) and Woodside Natural Gas representatives it was determined that Woodside's preferred transfer alternative (STS1) is within and may impact the Point Mugu Sea Range where Navy conducts live fire test and evaluation. Woodside's second preferred alternative (STS2) is east of the San Clemente Island Shore Bombardment Area

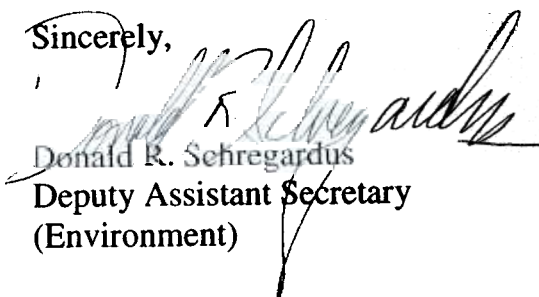
and would present no impact to training operations. The third alternative (STS3) penetrates the western portion of W-291 and could impact the large scale integrated training conducted in this area.

At this preliminary juncture in the scoping process, the Department's initial assessment of Woodside's LNG proposal suggests that the proposal may adversely impact Navy's activities in the Point Mugu Sea Range. However, with appropriate restrictions/business rules, rotating between the three transfer alternatives may prove acceptable. These restrictions, business rules, and use stipulations would have to include placing an annual limit on the number of transfers on the alternative directly inside the Sea Range, limiting use of that alternative on a strictly not to interfere basis with scheduled test or training activities, and allowing the Navy to have 'right of refusal' for use of the preferred track.

To reach a final decision concerning the potential effects of Woodside's LNG proposal on military training and use of the SOCAL OPAREA, the Navy will continue to conduct a more in-depth analysis of the proposal over the next several months. This analysis will include thoroughly documenting current and future test and training activity, type, and frequency of use. We will share the result of our analysis with members of MARAD and Woodside Natural Gas. We have attached for your immediate reference a map of the SOCAL operation area.

The Department supports new technologies and efforts to produce, promote, and distribute additional supplies of natural gas to meet our country's growing energy needs and look forward to working with you and your staff in your evaluation of the Woodside LNG application.

Sincerely,



Donald R. Schregardus
Deputy Assistant Secretary
(Environment)